



Boone County, Indiana

Established 1830

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Date: June 18, 2010
To: J. Barry Wood
Director of Assessments
Indiana Department of Local Government Finance

Re: SUMMARY REPORT
2010 BOONE COUNTY ANNUAL UPDATE RATIO STUDY

Dear Mr. Wood,

The following document is issued as supporting documentation to the 2010 Boone County Annual adjustment process and subsequent Ratio Study submitted to the Indiana Department of Local Government Finance on June 18, 2010. The Ratio Study was submitted via e-mail, to your attention, in Microsoft Excel format.

The annual adjustment process was performed by Government Utilities Technology Service (GUTS). Upon completion of a preliminary ratio study for Boone County, the following observations and adjustments were made in accordance with IC6-1.1-4 and the Real Property Assessment Guidelines for 2002-Version A.

I. RESIDENTIAL PROPERTIES

- **Sales Data (50 IAC 21-3-3 and DLGF MEMORANDUM Dated February 4, 2009):** Boone County used only 2009 sales when this exclusivity was supported by the necessary percentage of sale ratio required to support uniform and accurate assessments for Improved Residential properties. This percentage was determined to be 3%. If the percentage of sale fell below 3%, then 2008 *and* 2009 sales were used.

- **A recap** of the Improved Residential sales used in each Township are as follows:

CENTER	2009 SALES ONLY- 3% REPRESENTED
CLINTON	2008 & 2009 SALES USED- 3% REPRESENTED
EAGLE	2009 SALES ONLY- >3% REPRESENTED
HARRISON	2008 & 2009 SALES USED – 3% REPRESENTED
JACKSON	2008 & 2009 SALES USED – 3% REPRESENTED
JEFFERSON	2008 & 2009 SALES USED – >3% REPRESENTED
MARION	2008 & 2009 SALES USED – >3% REPRESENTED

PERRY	2007 & 2008 SALES USED – 2% REPRESENTED
SUGARCREEK	2008 & 2009 SALES USED – 3% REPRESENTED
UNION	2009 SALES ONLY- > 3% REPRESENTED
WASHINGTON	2008 & 2009 SALES USED – >3% REPRESENTED
WORTH	2009 SALES ONLY- >3% REPRESENTED

- **Sufficient sales** (at least 3%) were present in every Township within Boone County except for Perry Township thus minimal adjustments were made to sales data for time on Improved Residential properties. Perry Township was very close to the 3% threshold but because there were less than 3%, Perry and Harrison Townships were trended and studied together. On the rare occasion that sales were considered outside the window specified in Indiana Code, the proper adjustments were made per IAAO standards and applied in accordance with IC 6-1.1-4, within the trending process of individual neighborhoods.
- **For Vacant Residential** properties (land only), 2009 only were used in Eagle Township. 2008 and 2009 sales were used in the remaining Townships and they were trended and studied together.
- **Neighborhood Delineations (50 IAC 31-4-1):** A review of the existing residential neighborhood structure for Boone County indicated that the current numbering format and stratification was deemed acceptable in displaying homogenous qualities. The numbering format is such that each neighborhood can be identified by Township by numerical order. As in previous years, some residential neighborhoods required further stratification for differences in lot size and selling price. New neighborhoods were created and applicable parcels moved as supported by sales data.
- **Land Values Reviewed (50 IAC 21-4-2):** Upon review of the existing residential land values, vacant land sales indicated the need for adjustments to both home site base rates and residual rates in several rural, non-platted areas. This includes several golf course communities where some lots abut the golf course and some do not. Positive influence factors and stratification of golf course lot neighborhoods were necessary. Using both vacant lot sales and Land-to-Value Ratio comparisons, considerable adjustments were made to platted subdivision land rates. It should be noted that vacant land sales continue to be sparse in the rural area of Boone County. It should also be noted that many rural sales involve land that is being farmed and thus assessed as agricultural. This almost always results in a skewed ratio between assessed value and price paid (market value). In almost every instance, this was considered invalid. Also, many vacant land sales are still being assessed at the developer rate and must always be considered invalid until they are fully assessed.

Ongoing efforts continue to review and change land assessments as they pertain to the MEMORANDUM from the DLGF regarding the classification and valuation of agricultural land. Further changes were made to land assessments that were erroneously classified as agricultural land.

- **Application of Factor (50 IAC 21-5-2)** Regarding residential improved property classes, new neighborhood factors were calculated and applied in accordance with IC6-1.1-4 and the Real Property Assessment Guidelines for 2002-Version A as sales data dictated. Although some factors did increase, many others decreased as a result of the sluggish and volatile sales market. Many residential neighborhoods did not have any sales. For neighborhoods with zero or insufficient sales data, the neighborhood factor was changed based on the average change for improved residential properties in that specific residential real estate market. Most often this is identified by the Township, City, or Town that makes up the applicable real estate market. A separate tab has been included in the Improved Residential Ratio Study spread sheet that summarizes this statistic.

II. COMMERCIAL-INDUSTRIAL PROPERTIES

- **Sales Data (50 IAC 21-3-3):** Boone County considered all valid approaches to value (Sales, Cost, and Income) for Commercial/Industrial properties. All available 2008 and 2009 improved Commercial and Industrial sales were reviewed. There were not sufficient sales to utilize the sales comparison approach exclusively so other approaches to valuation were considered and researched in accordance with IAAO standards.
- **Income data (50 IAC 21-3-3):** GUTS is continuing the process of incorporating the income approach in the calculation and verification of income-producing, commercial/industrial assessments. The sources for the data used in these assessments were gathered from individual taxpayer income & expense data, public access documentation and IncomeWorks software. Through the process of modeling, GUTS has calculated and/or considered income data for every applicable commercial property in the county.
- **Neighborhood Delineations (50 IAC 31-4-1)** All Commercial/Industrial neighborhoods were evaluated and subtle changes were made to neighborhood delineations. New boundaries were established and some combined as to maintain consistency and equality across jurisdictions.
- **Land Values Reviewed (50 IAC 21-4-2)** Updates were also made to Commercial/Industrial Unimproved properties as sales indicated. Vacant land sales were used to establish new base rates where applicable. Aerial photography was used to correct invalid land classification allocations.
- **Application of Factor (50 IAC 21-5-2) and overall commercial market status.** As previously stated, there were not ample sales for C/I properties to rely on the sales comparison approach to value. It is well documented that the economy and related real estate market continues to be weak and uncertain through March 1, 2010. Due to the lack of sales for commercial properties, attention was focused upon the cost and income approach to value.

Notable changes are evident in increased vacancy rates, decreased rental rates, and increased capitalization rates for many income-producing properties. Although different across commercial property uses (Retail, Warehouse, Multi-family, Office, Flex, etc.), the net percent change indicates a fairly substantial decrease in value for commercial and industrial properties in Boone County for 2010.

- **Golf Course Properties.** Pursuant to IC 6-1.1-4-42, The Boone County Assessor attempted to gather the required data in order to assess all golf courses in Boone County based upon the income capitalization approach. Three golf courses have returned documents that can be used to calculate the income approach to value and those courses have assessed based upon their data. The properties that did not return data have remained unchanged for 2010. Because this is the first year of this process and the reliability of what little data has been collected thus far is suspect, it seems illogical to “comp” the properties that have not responded from data that is unreliable. A follow up letter has already been drafted and will be sent next year with language that specifically warns those who do not comply that income and expense calculations will be estimated if no data is returned.
- **Industrial Sales.** There were no valid industrial improved or unimproved sales for this year thus no ratio study for this class is submitted.